

rate design, recognizing that energy efficiency must be balanced with other objectives; and

“(iv) adopting rate designs that encourage energy efficiency for each customer class.”.

SEC. 274. ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAM ASSISTANCE.

The Secretary shall provide technical assistance regarding the design and implementation of the energy efficiency and demand response programs established under this title, and the amendments made by this title, to State energy offices, public utility regulatory commissions, and nonregulated utilities through the appropriate national laboratories of the Department of Energy.

SEC. 275. ENERGY AND ENVIRONMENTAL BLOCK GRANT.

Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) is amended by adding at the end the following:

“SEC. 123. ENERGY AND ENVIRONMENTAL BLOCK GRANT.

“(a) DEFINITIONS.—In this section

“(1) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(A) a State;

“(B) an eligible unit of local government within a State; and

“(C) an Indian tribe.

“(2) ELIGIBLE UNIT OF LOCAL GOVERNMENT.—The term ‘eligible unit of local government’ means—

“(A) a city with a population—

“(i) of at least 35,000; or

“(ii) that causes the city to be 1 of the top 10 most populous cities of the State in which the city is located; and

“(B) a county with a population—

“(i) of at least 200,000; or

“(ii) that causes the county to be 1 of the top 10 most populous counties of the State in which the county is located.

“(3) SECRETARY.—The term ‘Secretary’ means the Secretary of Energy.

“(4) STATE.—The term ‘State’ means—

“(A) a State;

“(B) the District of Columbia;

“(C) the Commonwealth of Puerto Rico; and

“(D) any other territory or possession of the United States.

“(b) PURPOSE.—The purpose of this section is to assist State and local governments in implementing strategies—

“(1) to reduce fossil fuel emissions created as a result of activities within the boundaries of the States or units of local government;

“(2) to reduce the total energy use of the States and units of local government; and

“(3) to improve energy efficiency in the transportation sector, building sector, and any other appropriate sectors.

“(c) PROGRAM.—

“(1) IN GENERAL.—The Secretary shall provide to eligible entities block grants to carry out eligible activities (as specified under paragraph (2)) relating to the implementation of environmentally beneficial energy strategies.

“(2) ELIGIBLE ACTIVITIES.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, the Secretary of Transportation, and the Secretary of Housing and Urban Development, shall establish a list of activities that are eligible for assistance under the grant program.

“(3) ALLOCATION TO STATES AND ELIGIBLE UNITS OF LOCAL GOVERNMENT.—

“(A) IN GENERAL.—Of the amounts made available to provide grants under this subsection, the Secretary shall allocate—

“(i) 70 percent to eligible units of local government; and

“(ii) 30 percent to States.

“(B) DISTRIBUTION TO ELIGIBLE UNITS OF LOCAL GOVERNMENT.—

“(i) IN GENERAL.—The Secretary shall establish a formula for the distribution of amounts under subparagraph (A)(i) to eligible units of local government, taking into account any factors that the Secretary determines to be appropriate, including the residential and daytime population of the eligible units of local government.

“(ii) CRITERIA.—Amounts shall be distributed to eligible units of local government under clause (i) only if the eligible units of local government meet the criteria for distribution established by the Secretary for units of local government.

“(C) DISTRIBUTION TO STATES.—

“(i) IN GENERAL.—Of the amounts provided to States under subparagraph (A)(ii), the Secretary shall distribute—

“(I) at least 1.25 percent to each State; and

“(II) the remainder among the States, based on a formula, to be determined by the Secretary, that takes into account the population of the States and any other criteria that the Secretary determines to be appropriate.

“(ii) CRITERIA.—Amounts shall be distributed to States under clause (i) only if the States meet the criteria for distribution established by the Secretary for States.

“(iii) LIMITATION ON USE OF STATE FUNDS.—At least 40 percent of the amounts distributed to States under this subparagraph shall be used by the States for the conduct of eligible activities in nonentitlement areas in the States, in accordance with any criteria established by the Secretary.

“(4) REPORT.—Not later than 2 years after the date on which an eligible entity first receives a grant under this section, and every 2 years thereafter, the eligible entity shall submit to the Secretary a report that describes any eligible activities carried out using assistance provided under this subsection.

“(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2008 through 2012.

“(d) ENVIRONMENTALLY BENEFICIAL ENERGY STRATEGIES SUPPLEMENTAL GRANT PROGRAM.—

“(1) IN GENERAL.—The Secretary shall provide to each eligible entity that meets the applicable criteria under subparagraph (B)(ii) or (C)(ii) of subsection (c)(3) a supplemental grant to pay the Federal share of the total costs of carrying out an activity relating to the implementation of an environmentally beneficial energy strategy.

“(2) REQUIREMENTS.—To be eligible for a grant under paragraph (1), an eligible entity shall—

“(A) demonstrate to the satisfaction of the Secretary that the eligible entity meets the applicable criteria under subparagraph (B)(ii) or (C)(ii) of subsection (c)(3); and

“(B) submit to the Secretary for approval a plan that describes the activities to be funded by the grant.

“(3) COST-SHARING REQUIREMENT.—

“(A) FEDERAL SHARE.—The Federal share of the cost of carrying out any activities under this subsection shall be 75 percent.

“(B) NON-FEDERAL SHARE.—

“(i) FORM.—Not more than 50 percent of the non-Federal share may be in the form of in-kind contributions.

“(ii) LIMITATION.—Amounts provided to an eligible entity under subsection (c) shall not be used toward the non-Federal share.

“(4) MAINTENANCE OF EFFORT.—An eligible entity shall provide assurances to the Secretary that funds provided to the eligible entity under this subsection will be used only

to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended by the eligible entity for eligible activities under this subsection.

“(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2008 through 2012.

“(e) GRANTS TO OTHER STATES AND COMMUNITIES.—

“(1) IN GENERAL.—Of the total amount of funds that are made available each fiscal year to carry out this section, the Secretary shall use 2 percent of the amount to make competitive grants under this section to States and units of local government that are not eligible entities or to consortia of such units of local government.

“(2) APPLICATIONS.—To be eligible for a grant under this subsection, a State, unit of local government, or consortia described in paragraph (1) shall apply to the Secretary for a grant to carry out an activity that would otherwise be eligible for a grant under subsection (c) or (d).

“(3) PRIORITY.—In awarding grants under this subsection, the Secretary shall give priority to—

“(A) States with populations of less than 2,000,000; and

“(B) projects that would result in significant energy efficiency improvements, reductions in fossil fuel use, or capital improvements.”.

SEC. 276. ENERGY SUSTAINABILITY AND EFFICIENCY GRANTS FOR INSTITUTIONS OF HIGHER EDUCATION.

Part G of title III of the Energy Policy and Conservation Act is amended by inserting after section 399 (42 U.S.C. 371h) the following:

“SEC. 399A. ENERGY SUSTAINABILITY AND EFFICIENCY GRANTS FOR INSTITUTIONS OF HIGHER EDUCATION.

“(a) DEFINITIONS.—In this section:

“(1) ENERGY SUSTAINABILITY.—The term ‘energy sustainability’ includes using a renewable energy resource and a highly efficient technology for electricity generation, transportation, heating, or cooling.

“(2) INSTITUTION OF HIGHER EDUCATION.—The term ‘institution of higher education’ has the meaning given the term in section 2 of the Energy Policy Act of 2005 (42 U.S.C. 15801).

“(b) GRANTS FOR ENERGY EFFICIENCY IMPROVEMENT.—

“(1) IN GENERAL.—The Secretary shall award not more than 100 grants to institutions of higher education to carry out projects to improve energy efficiency on the grounds and facilities of the institution of higher education, including not less than 1 grant to an institution of higher education in each State.

“(2) CONDITION.—As a condition of receiving a grant under this subsection, an institution of higher education shall agree to—

“(A) implement a public awareness campaign concerning the project in the community in which the institution of higher education is located; and

“(B) submit to the Secretary, and make available to the public, reports on any efficiency improvements, energy cost savings, and environmental benefits achieved as part of a project carried out under paragraph (1).

“(c) GRANTS FOR INNOVATION IN ENERGY SUSTAINABILITY.—

“(1) IN GENERAL.—The Secretary shall award not more than 250 grants to institutions of higher education to engage in innovative energy sustainability projects, including not less than 2 grants to institutions of higher education in each State.

“(2) INNOVATION PROJECTS.—An innovation project carried out with a grant under this subsection shall—